authority in 2005. Under IPI Gas pipeline project, 60 MMSCMD of gas is proposed to be supplied in Phase-I, to be shared equally between India and Pakistan. 90 MMSCMD of gas is likely to be supplied in Phase-II. The total capacity of the proposed TAPI gas pipeline project is about 40-70 MMSCMD, as per earlier estimates.

Subsidy on cooking gas

3068. SHRI RAJKUMAR DHOOT:
SHRI RAHUL BAJAJ:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state the reasons for not excluding the above poverty level households from subsidies on cooking gas?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL) : While abolishing the Administered Pricing Mechanism (APM) effective 1st April 2002, the Government had decided that pricing of all other petroleum products, except PDS Kerosene and Domestic LPG, would be determined by market factors. In order to provide Kerosene and LPG at affordable prices, the Government formulated subsidy schemes which are in operation since April 2002.

The prices of Domestic LPG and PDS Kerosene, which are considered as common man's fuels, have not been increased since November, 2004 and March, 2002 respectively.

However, in view of the steep increase in international oil prices since 2004, the Government has taken a conscious decision not to pass on the burden of the increase in international oil prices to the consumers. To deal with the steep escalation in international oil prices, the Government has adopted the principle of 'equitable burden sharing' between the Government, the oil PSUs and the consumers so as to protect the interests of the common man as also the financial health of the OMCs (Oil Marketing Companies). The Government has issued Oil Bonds and the Upstream Oil Companies have contributed by offering price discounts on crude oil and petroleum products, to partially compensate the under-recoveries of the OMCs.

Gas supply contract with RIL

3069. SHRI NAND KISHORE YADAV:
SHRI AMAR SINGH:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government has examined the provisions of the gas supply contract signed by Reliance Industries Ltd. (RIL) with Reliance Natural Resources Ltd. (RNRL) on 12 January, 2006 pursuant to a Scheme of Arrangement approved by the Bombay High Court on 9 December, 2005;

(b) if so, the details thereof;

(c) whether RIL has agreed to supply Natural Gas to RNRL under production sharing contract (PSC) or any part of the natural gas of Government or other contractors; and

(d) the rationale in different stances taken by Government while dealing with the two court cases *viz* NTPC-RIL and RNRL-RIL?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) and (b) The Gas Supply Master Agreement (GSMA) dated 12th January, 2006 signed by Reliance Industries Limited (RIL) with Reliance Natural Resources Limited (RNRL) is purely a private arrangement entered into between the two parties pursuant to a Scheme of Arrangement approved by the Bombay High Court. However, the Government received a proposal dated 14th April, 2006 seeking approval of the gas price of US $ 2.34 per MMBTU at the defined "Delivery Point" under the said GSMA. The proposal stated that the execution of GSMA was subject to satisfaction of number of conditions precedent including approval by the Government to the price. The approval was sought for the price which was to be used for cost recovery, profit sharing and all other purposes under the Production Sharing Contract (PSC).

The Government examined the proposal in the light of PSC provisions regarding valuation of gas, principles of arms length price, prevailing gas prices under other PSCs and did not agree to the proposal on the ground that price was not derived on competitive arms length principles and asked the contractor to send a revised proposal in accordance with PSC provisions. RIL submitted another application dated 18.5.2007 seeking approval to the price and the formula after having followed a bidding process, which was accepted by Empowered Group of Minister (EGOM) with slight modifications.

(c) RIL had agreed to supply natural gas to RNRL from Block KG-D-6, through this GSMA. The PSC for this Block has been signed by RIL with Government of India (GOI) and another company Niko Resources Limited (NRL) which holds ten (10) per cent participating interest (PI) in this Block. Under the PSC, the Contractor has freedom to market the gas produced from the Block, subject to various provisions of the PSCA as per PSC, contractor is entitled to sell its participating share of gas in cost petroleum and profit petroleum. The government is entitled to received share in profit gas available after recovery of the Contract costs, correspoding to pre-defined Investment Multiple. The RIL's entitlement of gas can be known only after quantification of the costs of extraction and development. Hence, in the case of RIL *vs* RNRL, in order to protect the interests of the government and the public at large, the Government has filed an intervention application before the Hon'ble Mumbai High Court for vacating the present restraint on RIL on committing gas from KG-D6 Block to any third party (other RNRL and NTPC).

(d) The Mumbai High Court had pronounced judgement on 15th October, 2007 in case of RIL *vs* RNRL and the two companies were given four months time to renegotiate, reconsider and settle afresh the terms of Gas Supply Agreement. Since there was no settlement, the Government considered it appropriate to intervene at expiry of this period in order to protect the interests of the Government and public at large, in terms of early start of production from KG-D6 block, entitlement of Government share of gas and freedom to commit/sell gas to third parties other than RNRL and NTPC.

Supply of gas to NTPC

3070. SHRI AMAR SINGH;
SHRI ABU ASIM AZMI:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that his Ministry has received any request from the Ministry of